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FOR IMMEDIATE RELEASE
March 4, 2014

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**DE PSC Announces the Release of the Technical Consultant's
Final Report on Delmarva's 2013-2014 SOS Process**

Today, the Delaware Public Service Commission (DE PSC), released The Liberty Consulting Group, Inc.'s (its Technical Consultant) Final Report assessing the conduct and results of Delmarva Power's electric Standard Offer Service (SOS) reverse auction process for the procurement year 2014-15. Delmarva Power successfully contracted to secure all of the outstanding needs for full-requirement service for Delaware's SOS customers – those who have not chosen an alternative supplier. The Liberty Consulting Group found that the solicitation was robustly competitive and that the resulting prices were consistent with market conditions. They also determined that the process was fair, transparent and conducted in conformance with Commission Orders on the procurement process.

Since generation rate caps were lifted on May 1, 2006, Delmarva Power, pursuant to Commission Order No. 6598 and the Settlement Agreements, has completed nine SOS procurements. The first procurement was completed in February of 2006, and each year thereafter until the ninth, completed in February of this year. The procurement process for the recently completed procurement used a reverse auction process that relies upon bidders' awareness of the actions of other bidders in an attempt to drive prices down.

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Of the eleven companies eligible to bid in this year's RFP, nine actually bid. Of the nine bidders, six won a portion of Delmarva Power's SOS needs. The winning suppliers were: Hess Corporation; AEP Energy Partners, Inc.; Energy America, LLC; NRG Power Marketing, Inc.; Exelon Generation Company, LLC and DTE Energy Trading, Inc.

For this ninth procurement, Delmarva held two separate auctions, in December 2013 and February 2014, in which they received and ranked bids for four different customer classes. In total, Delmarva Power sought and acquired a total of approximately 445 MW of Peak Load for full-requirement SOS service. For the Residential class, Delmarva Power sought 36-month contracts accounting for approximately 33% of the SOS need. The average winning load-weighted price for this class was \$74.48/MWh, approximately 3.0% lower than bids last year. The remaining 67% of load will be supplied under 36-month contracts procured in the previous two years. For the remaining three classes (larger commercial and industrial customers), Delmarva Power sought 12-month contracts comprising 100% of the needs. Average winning load-weighted prices for these classes ranged from \$62.81/MWh to \$67.79/MWh and ranging from 8.8% to 15.1% lower than last year. For the large commercial and industrial customers the contracts from this solicitation will replace contracts from last year. Based on the bid prices alone¹, the Medium General Service customers will see an approximate estimated decrease of 9.7% to their average monthly bill. Large General Service Customers will see an approximate decrease of 12.5% to their average monthly bill, and General Service customers will see an approximate decrease of 7.4 percent.

The contracts from this solicitation for residential and small commercial and industrial customers will replace contracts procured in the 2010-2011 procurement. This will result in an approximate 1.7%¹ reduction in the average monthly bill for residential customers and an approximate 1.0%¹ reduction in the average monthly bill for Small General Service customers. Declining energy and capacity prices from the 2010-2011 RFP contributed to this result.

The full version of the Technical Consultant's Final Report can be found on the DE PSC's website at <http://www.depsec.delaware.gov/sos.shtml>

¹ These comparisons are estimates and are subject to change as the adjustments to Procurement Cost (PCA), Transmission, Renewable Portfolio Standard (RPS), Qualified Fuel Cell Provider Project-Renewable Capable Power Production and Reasonable Allowance for Retail Margin are not included for the supply year beginning 6/1/2014.